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051133Z Oct 05

ACTION AF-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	CA-00	CIAE-00	INL-00
	DODE-00	DOTE-00	DS-00	EB-00	OIGO-00	E-00	FAAE-00
	UTED-00	H-00	TEDE-00	INR-00	IO-00	LAB-01	L-00
	M-00	NEA-00	DCP-00	NSAE-00	OES-00	OIC-00	OMB-00
	NIMA-00	EPAU-00	PA-00	GIWI-00	SSO-00	SS-00	STR-00
	FMP-00	BBG-00	R-00	EPAE-00	IIP-00	SCRS-00	DSCC-00
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FM AMEMBASSY NDJAMENA
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SIPDIS

DEPARTMENT FOR AF, EB, USTR FOR CHAMILTON

E.O. 12958: N/A
TAGS: [ETRD](#) [PREL](#) [ELAB](#) [PHUM](#) [CD](#) [AGOA](#) [USTR](#)
SUBJECT: AGOA ELIGIBILITY REVIEW FOR CHAD

REF: STATE 170577

1. Post recommends that Chad continue to be deemed compliant with AGOA eligibility requirements. The government continues to support the Revenue Management Process, and is taking measures to improve the human rights situation, reform the military, and curb corruption. The country also continues to be a strong U.S. partner in the war on terrorism. However, irregularities in a recent referendum, a critical verification report by the Revenue Management College, and continued human rights violations all indicate that Chad's record on democracy and good governance requires improvement. Post will continue to work with the host government to improve the capacity of its democratic institutions. Remarks on each specific criterion follow.

2. Country Background Summary: Population of 8.9 million. 2004 GDP was estimated at \$4 billion and per capita income at \$257. A public referendum was held in June 2005 to alter the Constitution to allow the President to run for a third term. Several ministers changed positions in August 2006.

3. Market-based Economy: A World Bank-proposed plan to privatize the country's cotton parastatal was approved this year. The government is also planning to work with the Bank to develop plans to privatize the telecommunication and energy sectors. Foreign interest in other economic sectors in Chad continues to grow as a result of the new oil export activities. Unfortunately, an investment code to encourage and support foreign investment has still not been developed.

4. Political Reforms/Rule of Law/Anti-Corruption: The government has identified problems within its judicial and democratic institutions and is working to implement recommendations from the internal review of the judiciary. The Oil Revenue Management College continued to oversee the expenditure of oil revenues in priority sectors. The College completed its first project verification report in May 2005 and has made recommendations to priority sector ministries to correct deficiencies. The Government hosted an internal review of the military with the aim of downsizing and professionalizing the military in April 2005. It also created an anti-corruption Ministry that is developing ethics codes for the various ministries, reaching out to religious groups and civil society to encourage values of anti-corruption, and beginning to sensitize the population to the negative effects of corruption.

5. A public referendum to amend the Constitution to allow unlimited presidential terms held in June 2005 was flawed and marred by numerous irregularities. The opposition and civil society refuse to participate in upcoming communal, legislative, and presidential elections. These groups are pursuing a dialogue on the modalities of a political transition to make the electoral process more transparent. Finally, the Oil Revenue Management College's project verification report identified serious problems with contracts in several priority sectors.

6. Poverty Reduction: The IMF re-implemented its Poverty Reduction Growth Facility program in Chad in February, and gave a positive review of the program in August. Additionally, oil investment activities have generated economic growth in the southern region, as well as attracted new foreign investment. Unfortunately, a weak budgetary

system makes the implementation of poverty reduction projects extremely challenging, and transportation and communication deficiencies continue to make timely data collection a challenge. Over the past year, Government officials have expressed their desire to amend the oil revenue management law to include security services and the military as priority sectors.

17. Workers' Rights/Child Labor/Human Rights: Worker and children's rights are legally protected. . The Government is currently harmonizing its legal code with international labor conventions. Labor unions continue to play an important role in promoting workers rights and promoting government reform. The Government recently created a position of "Minister of Human Rights" to advise the government on the promotion of human rights. The new Minister's first priority is to improve the situation of Chad's prisons and releasing prisoners who are awaiting trial for minor offenses.

18. Several journalists were arrested in the past year under questionable pretenses, but all have been released. Child Labor laws have been very difficult to enforce due to lack of capacity and cultural factors. Security forces operate with impunity and are responsible for numerous extrajudicial killings. Violence and societal discrimination against women,

trafficking in persons, and forced child labor are still common practices.

19. International Terrorism/U.S. National Security: Counterterrorism is an important priority for the Chadian Government. Chad continues to be an important partner in combating international terrorism. TSTCI and ATA assistance has led to the training of several military and police units. The Government has identified its weaknesses in securing its borders and the need for more training and equipment for border and airport security and the importance of undertaking an anti-corruption campaign. This year, Chad has ratified three of the twelve counterterrorism conventions. Three others are in the process of ratification. In June 2004, Chad worked with the United Nations Drug Control's Terrorism Branch to begin the ratification of all twelve conventions. The country's rugged terrain, porous borders, and the lack of equipment for the military and national police hinder the Government's ability to combat terrorist activity.

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